

**COMMITTEE ON GOVERNMENT REFORM
SUBCOMMITTEE ON ENERGY AND RESOURCES**



***OPENING STATEMENT OF
CHAIRMAN DARRELL ISSA
JUNE 8, 2005***

***ENSURING THE RELIABILITY OF THE NATION'S
ELECTRICITY SYSTEM***

Meeting the nation's increasing electricity demand is essential to powering our dynamic economy. According to the Energy Information Administration, electricity demand in the US is forecast to rise 45 percent by 2025. A competitive electricity marketplace must ensure reliability of the system and reasonable prices in the wholesale and retail markets.

In the past few decades, the electricity marketplace has moved beyond the Depression-era legal and regulatory framework. The system has been superseded by developments in technology and new ownership structures, as well as concerns about the diversity of sources of energy for electricity generation.

Deregulation at the federal level in wholesale bulk power markets and increasing competition at the retail level in many—but certainly not all—states has occurred, with the aim of increasing efficiency and lowering prices for wholesale and retail customers.

However, the results of patchwork deregulation and restructuring have been inconsistent. Management, investment, and maintenance of the electricity system have varied widely across geographic regions, as demonstrated by the experience of California and the August 14, 2003, northeast-midwest blackout.

I will add that as a Californian and native Ohioan I have been impacted by both of these unfortunate experiences, so I have an especially keen interest in these issues. I should also note that I am disappointed to hear reports that Southern California will have an especially tight supply of electricity this summer, a point to which Chairman Wood can attest having recently attended a conference that discussed this very problem.

Bearing these events in mind, the Subcommittee meets today to conduct a frank assessment of the nation's electricity system, analyze challenges to investment in transmission infrastructure and capacity, and discuss how these issues must be addressed as part of a comprehensive energy policy.

Ensuring reliability is essential to meeting the growing needs of our economy in the 21st Century. We look forward to hearing from our distinguished panel.

We are pleased to have:

- The Honorable Pat Wood III, Chairman of the Federal Energy Regulatory Commission.

- Mr. Michehl Gent, President and CEO of the North American Electric Reliability Council.
- Mr. David Owens, Executive Vice President of the Edison Electric Institute.
- Dr. Mark Cooper, Director of Research at the Consumer Federation of America.